



## U.S. SMALL BUSINESS ADMINISTRATION

Dear Borrower:

This is official notice that U.S. Small Business Administration ("SBA") intends to refer you to the U.S. Department of the Treasury ("Treasury") as a delinquent borrower or loan guarantor. By law, federal agencies such as SBA are required to refer delinquent debtors to Treasury for offset of federal or state payments and other collection actions after their obligation is more than 180 days past due. **If your debt has been discharged in bankruptcy or you recently filed in bankruptcy and the automatic bankruptcy stay is in effect, please disregard this notice and notify SBA's Offset Representative at the address set forth below as soon as possible.**

The debt you owe to the SBA is now seriously delinquent. If you do not pay your delinquent debt or take other action described below **BEFORE 60 DAYS FROM THE DATE THIS NOTICE WAS MAILED** (which is the date on the notice), SBA will refer your debt to Treasury, and Treasury may continue to add interest and also substantial collection fees to your unpaid debt (up to 30% or more) as provided by law.

**What is offset?** Once your delinquent debt is submitted for offset, Treasury or a state may reduce or withhold any of your eligible federal or state payments, as appropriate, for application against your debt. Payments eligible for offset include the following:

- Your federal or state income tax refunds;
- Your federal salary, or military salary, or federal retirement pay;
- Your federal or state contractor or vendor payments;
- Your federal or state benefit payments that are not exempt from offset, such as Social Security payments.

**What else may happen?** Treasury may also report you to credit bureaus, providing them with information about your delinquent obligation including your name, address, social security number, loan amount, account status and payment history. Credit bureaus may retain negative credit information for up to seven years, possibly preventing you from obtaining future private sector credit. Treasury may also garnish wages you earn from a non-federal employer, refer your debt to private collection agencies, refer your debt to the U.S. Department of Justice for collection through litigation, or report your unpaid debt to the internal Revenue Service (IRS) as potential additional income that may be subject to taxation. You may also be prevented from receiving additional federal financial assistance because of your delinquent debt.

**What can you do to avoid referral to Treasury?** You must do one of the following within 60 days from the date this notice was mailed (the date on the notice):

- **REPAY YOUR DEBT:** Send payment in full to SBA, Denver CO 80259. The amount you owe and your loan number are indicated on your enclosed payment notice. You must include your loan number or taxpayer identification number on your check or money order to ensure proper credit.

- **AGREE TO A REPAYMENT PLAN:** If you are unable to pay your debt in full, you must write or call SBA's Birmingham loan servicing center, which is handling your loan, agree to an acceptable repayment plan and make payments required under the plan. You may contact:

**Offset Representative  
U.S. Small Business Administration  
801 Tom Martin Drive, Suite 120  
Birmingham, Alabama 35211**

TOLL FREE PHONE: 800-736-6048

- **REQUEST A REVIEW OF THE DEBT:** Prior to the referral of your debt to Treasury for collection, you may (1) inspect and copy SBA records related to your debt; (2) request a review of SBA's claim that you owe this debt. If you want a review, you must submit a written request to the above address and it must be received within sixty (60) days from the date this notice was mailed (the date on the notice). If you believe that all or part of your debt is not delinquent or cannot legally be collected, you must send copies of canceled checks, SBA letters or other evidence of debt resolution.

**What if you are a federal employee or retiree?** If you are a current or former federal/military employee with salary or retirement benefits, Treasury or SBA may deduct up to 15% of your disposable (net) pay to apply toward your delinquent debt. This would continue every pay period until your debt, including interest and collection costs, is paid in full. However, if Treasury or SBA plans to start this type of offset, you will receive a notice before the offset begins and the notice will explain your appeal rights.

**What rights do you have if Treasury or SBA plans to start administrative wage garnishment ("AWG")?** By using AWG, Treasury or SBA can order your employer to withhold up to 15% of your disposable (net) pay to apply against your delinquent SBA debt. If Treasury or SBA intends to use AWG, you will receive a notice before the offset begins and the notice will explain your appeal rights.

**What if you file a joint income tax return?** You should contact the IRS before filing your tax return and ask about the steps you must take to protect the share of your income tax refund that may be payable to your spouse if he/she is not a delinquent federal debtor. You should request form 8379, Injured Spouse Claim and Allocation, from the IRS before filing your return and follow the instructions on the form.

**If you have any questions about this notice or your rights, you should call SBA immediately at toll-free 800-736-6048 and discuss your situation with SBA'S Offset Representative.**

If you make or provide any false or misleading statements, representations or evidence to SBA or Treasury, you may be liable for penalties under the False Claims Act (31 U.S.C. § 3729-3731) or other statutes, and/or criminal penalties under 18 U.S.C. § 286, 287, 1001 and 1002, or other applicable law.

Sincerely,

**U.S. SMALL BUSINESS ADMINISTRATION**